



THE CITY OF SAN DIEGO

DATE: May 28, 2009

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **Review of Director of Purchasing and Contracting**

On May 15, 2009, the Mayor's Office requested that my office review the hiring process of the Director of Purchasing and Contracting (see attached memo). Concerns have been raised about the performance of the Director of Purchasing and Contracting while he was employed by the Detroit Public Schools. Given the critical nature of the City's purchasing and contracting function, this review should be performed as expeditiously as possible. However, based on my current staffing levels and staff availability, we are unable to perform this review at the moment. As a result, I recommend that my office utilize the services of an outside auditing firm to perform this review. The Mayor's Office has agreed to pay for this review, which we expect to cost \$21,420. We selected the firm of Sjoberg Evashenk Consulting Inc. to perform this review. We expect to initiate and complete this review in June 2009.

Eduardo Luna
City Auditor

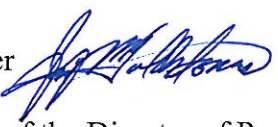


THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 8, 2009

TO: Eduardo Luna, City Auditor

FROM: Jay M. Goldstone, Chief Operating Officer 

SUBJECT: Request for Review of the Hiring Process of the Director of Purchasing and Contracting

Questions have been raised about the performance of Mr. Hildred Pepper, the City's Director of Purchasing and Contracting, while he was employed by the Detroit Public Schools. Based upon these questions, the Mayor has asked me to initiate a review of the process by which Mr. Pepper was hired by the City of San Diego. As such, I am requesting that your office conduct this review and, at a minimum, determine:

1. whether the City of San Diego followed best practices in the hiring of the Director of Purchasing and Contracting
2. the thoroughness of the City's background investigation
3. whether the City contacted and documented all listed references
4. the extent to which City officials were formally or informally made aware of issues concerning the problems in the Detroit Public Schools' Purchasing Office and what role Mr. Pepper played in them
5. the materiality of this information and what weight it should have been given in the City's hiring decision
6. Mr. Pepper's participation in the U.S. Attorney's investigation regarding the Detroit Public Schools
7. whether Mr. Pepper made any material misrepresentations and/or withheld any material information during this process

It is my hope that this review can begin as soon as possible. I will contact you early next week to determine a timeline for completion.